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ACCOUNTING & AUDIT

60% of Small Businesses Are Adopting Cash Flow Tools Ahead of Holidays

The survey data illustrates the importance of the holidays for small businesses—especially this year.

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By Brett Sussman.

Many U.S. small businesses are gearing up for the 2022 holiday season by prioritizing their holiday cash flow, strategizing ways to promote employee and customer retention, anticipating economic hurdles, and prioritizing sales through social media.

Small business lender Kabbage from American Express recently polled business leaders for its inaugural *Small Business Holiday Report*, which highlights the major trends among U.S. small businesses heading into the holidays.

Prioritizing Holiday Cash Flow

The survey data illustrates the importance of the holidays for small businesses—especially this year. Nearly one in four (24%) of businesses surveyed reported that their upcoming holiday sales will determine if their business can survive into next year. Understanding the gravity of this period, businesses are prioritizing their health and growth, while closely examining their cash flow.

60% of small businesses surveyed are focused on investing in new tools as they consider their cash flow management and increasing costs. The top tools noted were marketing tools (23%) and payment transaction systems (e.g., line of credit, a business checking account and new payments provider) (20%). Similarly, respondents noted overall business cash flow is the top concern for them heading into the holiday season (32%) followed by budgeting (25%) and inventory management (25%).

The data shows that small businesses are taking action to overcome these cash flow concerns. 21% of respondents plan to take out a small business loan this holiday period, and 32% plan to use the loan to cover costs to support their business, from inventory bills to common cash flow gaps.

Eyeing Employee Retention and Customer Attraction

To fully capitalize on the upcoming holiday season, 64% of small businesses plan to increase marketing to attract customers. The top two strategies noted were to send seasonally targeted email campaigns (26%) and to offer holiday product bundles (26%). Likewise, 25% of small businesses are budgeting to offer holiday customer promotions and incentives.

While 53% of small businesses plan to adjust their budget for additional holiday expenses, employee retention is also a priority. The top way small businesses

surveyed are preparing their workforce for the holidays is by giving holiday bonuses to current and new employees (32%).

Anticipating Economic Hurdles

The data shows that small businesses are predicting the impact of economic hurdles, such as supply chain challenges and rising inflation, throughout the holidays and creating a strategy to navigate them.

While 64% of respondents plan to prepare their business in some way for the upcoming season, the top way they are doing so is by stocking up on inventory (30%). This supports the data that 74% of small businesses are worried about supply chain issues heading into the season and 25% are diversifying the number of suppliers they work with.

Working to overcome these future challenges, 27% of small business are managing customer expectations and sharing realistic shipping dates to protect themselves from potential supply chain issues. Also, considering their cash flow, 30% of respondents expect to use funds received from a small business loan to purchase additional inventory.

Capitalizing on Social Media

In a progressively digital world, 46% of respondents reported that at least 20% to 30% of their holiday sales will come from online channels.

Almost half (47%) of respondents reported that at least 10% to 20% of their holiday sales will come from social media channels. Facebook remains a key marketing and customer acquisition channel as 53% cite Facebook as the top social media platform to make the most revenue followed by Instagram, YouTube, LinkedIn, Twitter and TikTok. This is in line with our latest [Small Business Recovery Report](#) which found that small businesses are increasingly capitalizing on social media advertising; 47% report it to have the greatest impact on customer acquisition. Out of which, Facebook was also reported as the top platform of choice for advertising, nearly double that of the second choice, Instagram.

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